

growth. As of July 1, 1996, garments produced almost entirely in American Samoa lost their previous customs treatment even when only a relatively small portion of the production process is performed in a foreign country.

The garment company doing business in American Samoa would like to import U.S. yarn to American Samoa, knit or weave it in American Samoa, dye it in American Samoa, sew as much as the factory in American Samoa can handle, ship the excess out to another country for sewing, bring it back to American Samoa for final assembly and packaging, and have the finished goods enter the United States as products of the United States.

This was possible under the old regulations, but under the 1996 regulations, this can no longer be done. It does not make good business sense for this company to expand as it is proposing in American Samoa unless this expansion is economically feasible. The legislation I am introducing today, if enacted into law, would grandfather the nascent American Samoa garment industry under the old rules, enabling the industry to operate successfully in American Samoa and allowing the existing company to build a larger production facility and finance an orderly expansion.

I believe that this legislation is reasonable and fair and in the best interest of the U.S. textile industry as a whole and the U.S. territories in particular.

My legislation is limited in scope and will merely preserve the old country of origin rules for garment producers in American Samoa. My legislation will help other manufacturing companies who may contemplate locating in American Samoa.

This industry is already providing more than 400 new local jobs in American Samoa, and will provide hundreds more if the expansion plans can be implemented. The infant industry and its future growth are at stake.

This is an important test case which will prove whether or not new export industries can be successful in American Samoa. The implications of the success (or failure) of the expansion project are critical for the economic future of the territory.

Mr. Speaker, the experience of the people of American Samoa is a good example of the difficulties the U.S. territories face in attracting businesses to invest in our economies.

American Samoa's economy has been hampered by our isolation from world markets and world shipping lanes. We have relied on incentives such as the Possessions Tax Credit and the advantages offered under General Note 3(a) of the Harmonized Trade Agreement to help attract the outside investment our economy needs to grow, but those incentives are disappearing.

Over time, the advantages of doing business in the U.S. territories are being outweighed by the emergence of low-cost alternatives engendered by NAFTA and GATT/WTO policies. Countries with lower wage scales, such as Mexico and others in Central America and the Far East, are luring business away from the United States.

Under my analysis, sewing in higher-wage countries will continue to be reduced to the extent that soon there may not be a domestic U.S. sewing industry. I believe that this legislation will better position the United States to keep as much of the industry in U.S. hands as possible, and I look forward to seeing this bill enacted into law.

TRIBUTE TO JOHN ORELLANA

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 5, 1998

Mr. CALVERT. Mr. Speaker, I rise today to pay tribute to John Orellana, an individual from my hometown of Corona, California who contributed generously of his time and talents to help others and to make his community a better place in which to live and work. In doing so, he made the ultimate sacrifice and died in January in the line of duty.

Mr. Orellana was not born an American citizen—he immigrated from El Salvador to the United States when he was 17 years old. He was proud of his adopted country, served honorably in the U.S. Marine Corps, and worked hard to provide for his family. Mr. Orellana was a 22-year veteran of the Immigration and Naturalization Service and worked as a special agent in the anti-smuggling unit. He was killed in a car crash as he responded to a call for help from a U.S. Border Patrol agent. Mr. Orellana was a husband, a father, and a great American who went out everyday to make a difference. And he did, some days in small ways, some days in big ways, and on January 29, 1998, it cost him his life. Mr. Orellana deserves our deepest respect and gratitude.

Mr. Speaker, I ask that you and our colleagues join me in remembering John Orellana. Our prayers and most heartfelt sympathy are extended to his family and loved ones. To Mr. Orellana's wife Aura, and his children Nami, David, and Pilar—we honor your husband and father and wish him God's peace.

SALUTE TO GRANT BRIMHALL

HON. ELTON GALLEGLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 5, 1998

Mr. GALLEGLY. Mr. Speaker, I would like to salute a man who has dutifully managed the city of Thousand Oaks for 20 years and has served the State of California for almost 35 years.

Today, I would like to recognize Grant Brimhall's commitment to public service—his commitment to everything from the arts, to social service, to transportation.

Under Grant's direction, Thousand Oaks boasts some of the busiest libraries in the Nation, active teen and senior centers and has maintained beautiful nature paths and scenic trails. And under Grant's direction, Thousand Oaks has provided affordable housing, and a successful business industry for its citizens, with solid and balanced economic growth extending into Ventura County.

Grant Brimhall set a standard—a standard and a philosophy that caught on. His example and urgings inspired the community to take control of their neighborhoods by getting involved in community policing, making Thousand Oaks ranked among the top three cities with the lowest crime rate for its size. Thousand Oaks is a place where residents have joined together to make their streets safer through community policing programs such as a citizens police academy, volunteers in policing, and mobilizing a police resource center.

But Grant Brimhall's contributions go beyond the district lines of Thousand Oaks. He also served the city of Glendora for many years as city manager and was actively involved in many civic activities as well.

I join many others in honoring Grant, who is the recipient of numerous awards from various groups and organizations.

Again, on the event of his retirement, I am pleased to honor the successful career of Grant Brimhall. His leadership and service will be missed, but whose years of hard work will continue to benefit the citizens of Thousand Oaks, California.

PROTECT SMALL BUSINESSES FROM ABUSIVE LAWSUITS

HON. BOB INGLIS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 5, 1998

Mr. INGLIS of South Carolina. Mr. Speaker, I rise today to introduce the Small Business Lawsuit Abuse Protection Act of 1998.

American small businesses are under assault from excessive taxation, regulation and litigation. Particularly frustrating to many entrepreneurs is the fact that the current legal system makes them liable for accidents they do not cause and are powerless to prevent.

In the 104th Congress, the House of Representatives overwhelmingly supported common sense reform of our legal system. Today, however, because a comprehensive reform package was not enacted, it is vitally important that we stand up for small businesses facing a barrage of frivolous lawsuits. In the absence of a comprehensive package, we can still achieve much needed reform by advancing legislation that will offer targeted and incremental reform, as we did in 1997 by enacting the Volunteer Protection Act.

Mr. Speaker, I believe we can build on the momentum we started with the Volunteer Protection Act and provide similar protections to small businesses. The Small Business Lawsuit Abuse Protection Act of 1998 is simple and straightforward. It will offer three important protections to small businesses with 50 or fewer employees: Protects small businesses by allowing the imposition of punitive damages in any civil action only if the claimant establishes by clear and convincing evidence that the conduct carried out by the defendant through willful, misconduct or with a conscious, flagrant indifference to the right or safety of others was the proximate cause of the harm that is the subject of the action; protects small businesses by limiting punitive damages to the lesser of either two times the total amount of economic and non-economic losses or \$250,000; and protects small businesses by holding them liable in an amount that is proportionate to the degree of harm for which they are responsible.

A broad and bi-partisan consensus exists on the need to protect America's small businesses from abusive litigation. This legislation is supported by the United States Chamber of Commerce, the National Restaurant Association, National Small Business United and the National Federation of Independent Business.

Mr. Speaker, I encourage my colleagues to give this measure swift and favorable consideration.

NATIONAL RESTAURANT ASSOCIATION,
Washington, DC, February 10, 1998.

Hon. BOB INGLIS,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE INGLIS: The National Restaurant Association—the leading representative for the nation's restaurant industry which employs more than nine million Americans—strongly applauds your effort to protect small businesses from litigation excesses.

Many small businesses, particularly restaurants, have become vulnerable to excessive litigation in recent years. Indeed, our members are all too familiar with the rising costs of liability insurance and with the reality that a single frivolous lawsuit can be enough to drive a restaurant out of business. We strongly support the Small Business Lawsuit Abuse Protection Act of 1997 and believe it will go a long way toward curbing lawsuit abuse.

Because of the fear of unlimited punitive damages when faced with a claim, many small business owners settle out of court for significant award amounts, even if the plaintiff's claim is frivolous and unwarranted. Plaintiffs' attorneys take advantage of a small business owner's fear, pursuing claims against businesses that they know will have "settlement value." The Small Business Lawsuit Abuse Protection Act limits the amount of punitive damages that may be awarded against a small business. In any civil action against a small business, punitive damages may not exceed the lesser of two times the amount awarded to the claimant for economic and noneconomic losses, or \$250,000. Putting a cap on the amount of punitive damages would help to reduce frivolous suits and would enable businesses to obtain more equitable settlements and avoid costly and unnecessary legal fees.

In addition to limiting punitive damages, we are pleased that your legislation includes a provision to limit several liability for noneconomic damages. Under joint and several liability, small business owners are often dragged into lawsuits with which they had little, or nothing, to do. The Inglis Small Business Lawsuit Abuse Protection Act takes an important first step by limiting the liability for noneconomic loss to the proportion of the small business' responsibility. The limitation on several liability would apply in any civil action against a small business.

Representative Inglis, we appreciate your continued commitment to small business and to legal reform. We look forward to working with you to pass the Small Business Lawsuit Abuse Protection Act.

Sincerely,

ELAINE Z. GRAHAM,
Senior Vice President,
Government Relations and Membership.
CHRISTINA M. HOWARD,
Senior Legislative Representative.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, February 11, 1998.

Hon. BOB INGLIS,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE INGLIS: The U.S. Chamber of Commerce—the world's largest business federation, representing more than three million businesses of every size, sector and region—continues to be a strong advocate of tort reform. Indeed, American consumers and businesses squander more than \$150 billion annually in excessive litigation cost and higher liability insurance premiums. That's why we are pleased to support your legislation as another step forward in providing relief from the litigation crisis. We urge Congress to build on the momentum created by the enactment last year of the Volunteer Protection Act by passing your bill, the Small Business Lawsuit Abuse Protection Act.

Small business, the backbone of our nation's economy, are particularly vulnerable to excessive litigation. Small business owners too often face the practical equivalent of a death sentence for their business, with consequent loss of jobs and needed goods and services. The Small Business Lawsuit Abuse Protection Act will level the playing field for small businesses by providing reasonable and well-balanced reforms.

The bill addresses the lottery aspect of litigation in two major ways: (1) by limiting punitive damage awards to the lesser of \$250,000 or two times compensatory damages, and (2) by requiring the claimant to prove by clear and convincing evidence that the harm was caused by the small business with a conscious, flagrant indifference to the rights or safety of the claimant. In addition, for noneconomic damages, the bill limits liability to the proportion of the small business' responsibility for causing the harm.

The Chamber greatly appreciates your continued leadership on liability reform issues and support of small business issues. We look forward to working with you and your colleagues to pass the Small Business Lawsuit Abuse Protection Act.

Sincerely,

R. BRUCE JOSTEN.

NATIONAL SMALL BUSINESS UNITED,
Washington, DC, February 19, 1998.

Hon. BOB INGLIS,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE INGLIS: National Small Business United (NSBU), the oldest small business advocacy organization congratulates you on the introduction of the Small Business Lawsuit Abuse Protection Act. Having reviewed the content and intent of the proposed legislation, NSBU—on behalf of its 65,000 members—offers our full support.

Lawsuit abuse is a serious issue for all of America's businesses, but especially troubling for the nation's 22 million plus small businesses. Small businesses generally do not have the legal resources to combat the onslaught of frivolous lawsuits that have an unnerving grip on this country. Your bill set in place common-sense criteria that would protect millions of businesses from frivolous

lawsuits while not inhibiting legitimate litigation.

A key component of the bill is your efforts to limit punitive damages at reasonable levels and straight-forward reforms to joint and several liability. NSBU has been calling on Congress to act on these very issues for many years.

By modeling proven and accepted legislation like the Volunteer Protection Act of 1997, the Lawsuit Abuse Protection Act is critical and necessary litigation reform for small business. Representative Inglis, your bill—with its bipartisan support—is welcomed by NSBU and our members.

Sincerely,

TODD MCCracken,
President.

NATIONAL FEDERATION OF
INDEPENDENT BUSINESS,
Washington, DC, March 5, 1998.

Hon. BOB INGLIS,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE INGLIS: On behalf of the 600,000 small business owners of the National Federation of Independent Business (NFIB), I am writing to commend you for your efforts to put an end to abusive litigation and restore common sense to our civil justice system.

Legal reform is a *small business* issue and was listed as a top priority at the 1995 White House Conference on Small Business. The frequency and cost of litigation have been exploding at an alarming rate. Our civil justice system is becoming increasingly inaccessible, unaffordable and intimidating, not to mention unfair. It is now so strained that it threatens not only the fair judicial process but also has become a huge disincentive to business start-ups. The cost and availability of liability insurance was listed as a top concern to small business owners in a survey conducted recently by the NFIB Education Foundation.

Small business owners now see the legal system as a "no win" situation. If sued—even if completely innocent—it means either a costly, protracted trial or being forced into an expensive settlement to avoid a trial. Thousands of small business owners across the country are having their business, their employees, and their future put at risk by a legal system that is out of control.

Small business owners support any measures that inject more fairness into our civil justice system and allow for the affordable pursuit—or defense—of legitimate cases. Your legislation, the Small Business Lawsuit Abuse Protection Act of 1997, is an important vehicle for those goals. With our courts facing an extraordinary backlog with delays up to several years in some jurisdictions, your bill will discourage frivolous or malicious cases, and help streamline and balance the system.

Thank you for your continued support of small business.

Sincerely,

DAN DANNER,
Vice President,
Federal Governmental Relations.